

*WASHINGTON, DC (April 20, 2010) – Rep. Jan Schakowsky (IL-9) released the following statement in response to the Senate Health, Education, Labor and Pensions hearing on April 20, 2010 in which Michael T. McRaith, Director of the Illinois Department of Insurance testified along with others. Rep. Schakowsky and Sen. Dianne Feinstein have companion bills that would strengthen provisions in the recently-passed comprehensive health care reform law and protect consumers by authorizing the Secretary of Health and Human Services to review proposed insurance rate increases and to block, change or force companies to issue rebates to consumers for unreasonable rate hikes. Because of an amendment Schakowsky offered in Energy and Commerce last summer, Comprehensive Health Care Reform requires prior review and justification of high premium increases and justification to HHS, state regulators and the public.*

“Excessive insurance rate hikes are hitting Americans particularly hard this year. In my own state of Illinois, some residents face premium increases as high as 60%. Not everyone is protected against such egregious rate increases by authorities at the state level. Illinois, along with 25 others, does not provide any authority for denials of unjustified rate increases. Michael T. McRaith, our Director of the Department Insurance in Illinois who testified before the Senate Health, Education, Labor and Pensions Committee today, has his hands tied. That is why I introduced the Health Insurance Rate Authority Act of 2010, H.R. 4757, to serve as a federal backstop for residents of those states that do not currently have authority to stop these crippling insurance rate increases.

“Passing comprehensive health care reform ushered in the beginning of consumer protections from unreasonable rate hikes, allowing the Secretary of Health and Human Services to expose unreasonable premium increases right now, and in 2014 to ban insurance companies that do so from selling policies on the Exchange, the new marketplace for buying insurance. But in the face of double-digit premium increases, individuals, families and small businesses need stronger protections immediately. The Health Insurance Rate Authority Act of 2010 would allow the Secretary to block or alter insurance rates deemed unreasonable or to demand insurance companies pay rebates to their consumers, a critical protection for Illinois consumers where no comparable state authority exists today. These are the kinds of safeguards that people need in a time of skyrocketing insurance premium increases and a very difficult economy.

“The steep trajectory of insurance rate increases is untenable and it is one made even more outrageous in light of the fact that insurance companies are enjoying profits in the billions and rewarding executives mightily. Just this morning, UnitedHealth Group Inc. reported that their net earnings per share were up 27% from a year ago – significantly higher than analysts expected, according to the Milwaukee Business Journal – and nearly \$2 billion in total earnings compared to \$984 million a year ago. And Angela Braly, president and CEO of insurance giant Wellpoint, Inc., got a 51% boost to her compensation for 2009 valued at \$13.1 million including a \$1.5 million bonus. These insurance companies and their fat cat executives appear unfazed by the financial strain being borne by consumers at their own hands. Passage of the Health Insurance Rate Authority Act of 2010 will insert desperately-needed protections against the unreasonable insurance rate increases being heaped on individuals, families and small businesses.”